TRANSCRIPT OF RECORD

SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, [redacted] 1926

No. [redacted] 94

THE MOSLER SAFE COMPANY, PETITIONER,

vs.

ELY-NORRIS SAFE COMPANY

ON WRIT OF CERTIORARI TO THE UNITED STATES CIRCUIT COURT OF APPEALS FOR THE SECOND CIRCUIT

PETITION FOR CERTIORARI FILED MAY 1, 1925

CERTIORARI GRANTED MAY 11, 1925

(31,108)

(31,108)

SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1925

No. 408

THE MOSLER SAFE COMPANY, PETITIONER,

vs.

ELY-NORRIS SAFE COMPANY

ON WRIT OF CERTIORARI TO THE UNITED STATES CIRCUIT COURT OF APPEALS FOR THE SECOND CIRCUIT

INDEX

JUDD & DETWEILER (INC.), PRINTERS, WASHINGTON, D. C., SEPTEMBER 18, 1925

[fol. 1] **IN UNITED STATES DISTRICT COURT, SOUTHERN DISTRICT OF NEW YORK**

In Equity. No. 16-24

ELY-NORRIS SAFE COMPANY, Plaintiff,

vs.

THE MOSLER SAFE COMPANY, Defendant

AMENDED BILL OF COMPLAINT—Filed Oct. 6, 1924

As to Subject-matter Severed from Suit in Equity No. 16-24

To the Honorable the Judges of the District Court of the United States in and for the Southern District of New York:

The plaintiff states:

I. (I) That the plaintiff, Ely-Norris Safe Company, is a corporation organized and existing under the laws of the State of New Jersey, is a citizen of said State, and has a regular and established place of business in Jersey City, in the County of Hudson, in said State; and that the defendant, The Mosler Safe Company, is a corporation organized and existing under the laws of the State of New [fol. 2] York, is a citizen and inhabitant of said State, and has a regular and established place of business at No. 373 Broadway, New York City, in said State, where some of the acts of unfair competition hereinafter complained of have been and are being committed.

II. (XIV) Plaintiff further alleges that plaintiff and defendant are citizens of different states and that the amount here in controversy exceeds the sum of $3,000, exclusive of interest and costs.

III. (XV) That since its organization as herein alleged plaintiff has been engaged and now is engaged in the manufacture and sale of safes constructed under and in accordance with United States Letters Patent Nos. 827,351 and 909,568 granted respectively on July 30, 1906 and January 12, 1909, and that said business is a continuation of and in succession to that previously conducted in the same type of safes by Ely-Norris & Company and by Remington & Sherman Company, plaintiff's predecessors in title to said Letters Patent and said business; and that safes constructed and sold by plaintiff and said predecessors under said Letters Patent have as a novel and distinctive feature an explosion chamber as described and claimed in said Letters Patent, which chamber serves as a means for the protection of said safes against burglary; and that by said Letters Patent there was granted to plaintiff's predecessors in title and to plaintiff [fol. 3] the exclusive right throughout the United States and its territories to make, use and sell safes containing such an explosion chamber.

IV. On information and belief that prior to the time when defendant commenced to manufacture and sell its safes containing or purporting to contain such an explosion chamber, no person, firm or corporation other than plaintiff and its predecessors had ever manufactured or sold, or offered for sale within the United States, safes containing such an explosion chamber and no safes containing such an explosion chamber had been available for purchase in the United States from any other person, firm or corporation than plaintiff and its predecessors; that from the time of the grant of said Letters Patent down to the present time, defendant is the only person, other than plaintiff's predecessors and plaintiff, who has manufactured or sold or attempted to manufacture or sell safes having or purporting to have an explosion chamber such as that contained in the safes manufactured and sold by plaintiff and plaintiff's predecessors; that by reason of the efforts of the plaintiff in that behalf, the public has come to recognize and believe in the value of such an explosion chamber and has come to desire to purchase and possess safes which actually contain such an explosion chamber; that by reason of the desire of the public to purchase and possess said safes containing said explosion chamber, the exclusive right to manufacture and sell safes containing such an explosion chamber is of great value to this plaintiff.

[fol. 4] V. (XVI) That the defendant is and for some time past has been a competitor in the said business of manufacturing and selling safes conducted by plaintiff and its predecessors; that subsequent to the time when plaintiff's predecessors and plaintiff commenced to manufacture and sell safes having said explosion chamber under said Letters Patent, and prior to the filing of the original bill of complaint herein, defendant, well knowing the facts to be as herein alleged and intending to gain for itself the benefit of the good repute established by plaintiff for such safes and of the desire of the public created by plaintiff's efforts to purchase and possess such safes, commenced to manufacture and sell safes containing such an explosion chamber in infringement and violation of plaintiff's rights under said Letters Patent, for which infringement suit is now pending in this court undetermined by plaintiff against defendant; and defendant, further intending to gain for itself the benefit of the good repute established by plaintiff for such safes and of the desire of the public, created by plaintiff's efforts, to purchase and possess such safes, and intending to compete unfairly with plaintiff, commenced to manufacture and sell, and is now manufacturing and selling, or attempting to sell, safes having a metal band around the door at substantially the same location as the explosion chamber of plaintiff's safes, and defendant has represented and caused its agents and servants to represent to customers and to the public that said metal band was employed to [fol. 5] cover or close an explosion chamber; and that by reason of such representations on the part of the defendant, its agents and servants, the public has been led to purchase defendant's said safes as and for safes containing an explosion chamber as is manufactured and sold by the plaintiff herein.

VI. (XVII) On information and belief that said representations of the defendant and its agents and servants are frequently false, and

known to defendant and its agents and servants to be false, and that said metal band is frequently used by the defendant upon safes which do not contain any explosion chamber and that such use is without necessity or functional advantage and is solely for the purpose of deceiving the public and leading the public to believe that said safes do in fact contain an explosion chamber such as is contained in the safes manufactured and sold by this plaintiff.

VII. (XVIII) On information and belief that by reason of said representations so made by the defendant, its agents and servants, persons desiring to purchase safes which contain explosion chambers have been led to purchase defendant's safes instead of the safe offered for sale by plaintiff, and have been led to purchase from defendant safes which do not contain explosion chambers in the belief that the safes of the defendant did actually contain explosion chambers such as are in fact contained in the safes manufactured and sold by the plaintiff; and that by means of said representations defendant has [fol. 6] wrongfully and unfairly competed with plaintiff, and by its said acts and said representations defendant has secured for itself and has deprived the plaintiff of sales to persons desiring and intending to purchase safes containing explosion chambers such as are actually contained in the safes manufactured and sold by the plaintiff; and that the defendant by its acts and representations herein set forth has endangered the reputation for effectiveness of the explosion chamber contained in the safes manufactured and sold by the plaintiff and protected by said Letters Patent heretofore referred to; and that said damage to the plaintiff was created and caused directly and solely by the acts and representations of the defendant as herein set forth and now exists and as plaintiff believes will continue hereafter unless restrained by the decree of this Honorable Court.

Wherefore, the plaintiff prays:

1. For a perpetual injunction and also for a preliminary injunction pending this suit restraining the defendant, The Mosler Safe Company, its officers, agents, directors, clerks, servants and workmen from selling or offering for sale any safes having a non-functional metal band around the door, or having any other device which would tend to imitate the explosion chamber of plaintiff's Letters Patent, and from falsely representing that any safe sold by defendant contains an explosion chamber, and from unfairly competing with plaintiff.

[fol. 7] 2. For an accounting of the profits made by the defendant and an assessment of the damages incurred by plaintiff by reason of the defendant's said unfair competition.

3. For a recovery of the plaintiff's costs and disbursements in this suit.

4. For such other and further relief as the nature of the case may require and as may appear proper and agreeable to equity.

Ely-Norris Safe Company, by Mayer, Warfield & Watson, Its Solicitors.

[fol. 8] IN UNITED STATES DISTRICT COURT

[Title omitted]

DEFENDANT'S INTERROGATORIES

The defendant, pursuant to Equity Rule 58, requires the plaintiff, by its president or other officer having knowledge of the facts, to fully answer the following interrogatories for the discovery of facts material for the support of defendant's case.

5. Did the defendant's safe as referred to in the amended bill of complaint bear when sold, or at any time when said safes were known to the plaintiff, the defendant's name and address painted or otherwise inscribed thereon?
Also,

(b) Were such safes sold as defendant's safes or as plaintiff's safes? (c) Give the names and addresses of the persons or concerns to whom the defendant sold safes in violation of the plaintiff's rights as alleged in the amended bill, the date of the transactions, and the handle-numbers of such safes.

[fol. 9] (d) Is it alleged in plaintiff's behalf that any purchaser of defendant's safes so referred to in the amended bill of complaint believed, or that the defendant gave him reason to believe, that such safe or safes was or were of plaintiff's production? If yea, give the name and address of such purchaser or purchasers, the handle-number of the safe or safes concerned, and state in which of the drawings submitted with the answers herein the construction is illustrated.

The plaintiff is required to answer each and every of the foregoing interrogatories.

S. O. Edmonds, Solicitor for Defendant.

New York, October 10, 1924.

[fol. 10] IN UNITED STATES DISTRICT COURT

[Title omitted]

PLAINTIFF'S ANSWER TO INTERROGATORIES

Answer to Interrogatory V

(a) So far as plaintiff is at present advised, defendant's safes, as referred to in the amended bill of complaint, did bear the defendant's name and address.

(b) So far as plaintiff is at present advised, defendant's safes, referred to in the amended bill of complaint, were sold as defendant's safes.

(c) The handle numbers and the names and addresses of the persons to whom were sold the safes represented by the exhibits referred to in the answer to Interrogatory 1, are as follows:

[fol. 11]

Exhibit	Handle No.	Person to whom sold	Address
2, 3A, 3B	265,791	The Austell Bank	Austell, Georgia.
4A, 4B	284,943	Farmers & Merchants Bank	Kelso, Mo.
5A, 5B	288,400	Versailles State Bank	Versailles, Ill.
6A, 6B	288,401	Farmers State Bank	Milton, Ill.
7A, 7B	289,230		Greensboro, N. C.
8A, 8B		Plymouth State Bank	Plymouth, Ill.

The names and addresses of other persons to whom defendant's safes were sold will be furnished in connection with the taking of depositions as to the sales and the representations made by defendant and defendant's agents in connection therewith.

(d) So far as at present advised, plaintiff does not contend that any purchaser of defendant's safes, as referred to in the amended bill of complaint, believed, or that defendant gave him reason to believe, that such safe was of plaintiff's production.

Ely-Norris Safe Company, Plaintiff, by Henry C. Taylor, Secretary.

[fol. 12] IN UNITED STATES DISTRICT COURT

[Title omitted]

MOTION TO DISMISS AMENDED BILL OF COMPLAINT

GENTLEMEN: You are hereby notified that on the amended bill of complaint herein setting forth subject-matter severed from suit in Equity No. 16-24, and defendant's interrogatories and plaintiff's answers thereto, I shall, at a term of this Court for motions, to be held in the court-room of Honorable Augustus N. Hand, in the Woolworth Building, Borough of Manhattan, City of New York, on October 16, 1924, at four o'clock P. M., or as soon thereafter as counsel can be heard, move for an order dismissing said amended bill of complaint on the ground that the same fails to set forth facts constituting a cause of action in equity, and for such other and further relief as to the Court may seem meet.

Respectfully, S. O. Edmonds, Counsel for Defendant.

October 14, 1924.

Messrs. Mayer, Warfield & Watson, Counsel for Plaintiff, 247 Park Avenue, New York City.

[fol. 13] IN UNITED STATES DISTRICT COURT

#986

[Title omitted]

OPINION—Oct. 21, 1924

Lawrence Bristol, Solicitor for Complainant.
S. O. Edmonds, Solicitor for Defendant.

AUGUSTUS N. HAND, District Judge:

This is a suit for unfair competition and the defendant moves to dismiss the bill on the ground that there is no allegation of any palming off as complainant's goods. The complainant makes and sells safes with "an explosive chamber" and alleges that the defendant, its competitor, provides its safes with a metal band at substantially the same location as complainant's explosion chamber, has falsely represented that the metal band was employed to cover an explosion chamber, and by reason of this false representation, the public has been led to purchase defendant's safes. Such conduct might apparently serve as a basis for a restraining order in a suit by the Federal Trade Commission.

Federal Trade Commission v. Winsted Hosiery, 258 U. S. 483.

[fol. 14] It does not follow, however, that a private person can secure an injunction by reason of mere misbranding where, as here, the defendant has never sold its goods as those of complainant. The common law rule must still obtain unless the words of the Federal Trade Commission Act "unfair methods of competition in commerce are hereby declared unlawful" (Comp. Stat. Sec. 8836-e) be regarded as enlarging the rights of the individual in a private suit. Unless the old rule is changed, the facts set forth in the bill do not constitute a cause of action. American Washboard Co. v. Saginaw Mfg. Co., 103 Fed. 281; Rathbone v. Champion Co., 189 Fed. 26.

It is true that the Circuit Court of Appeals of the Third Circuit in Armstrong Cork Co. v. Ringwalt Linoleum Works, 240 Fed. 1022, reversed Judge Rellstab's decision dismissing a bill in a case like the present, and allowed the case to go to final hearing, with leave to renew the motion to dismiss at the close of the case, and without intimating any opinion as to the law. There is no case however where a bill has been finally sustained under circumstances like the present. I think it wiser to have the law settled at the outset as the principle involved is important, and if the complainant is right will have wide application. The amended bill is accordingly dismissed without further leave to replead.

A. N. H., D. J.

[fol. 15] IN UNITED STATES DISTRICT COURT

[Title omitted]

FINAL DECREE—Oct. 21, 1924.

This cause having come on to be heard on defendant's motion for a dismissal of the amended bill of complaint, now, after hearing Samuel Owen Edmonds, Esq., in behalf of the motion, and Lawrence Bristol, Esq., in opposition thereto, it is

Ordered, Adjudged and Decreed that said amended bill be, and the same hereby is, dismissed on the ground that the same fails to set forth facts constituting a cause of action in equity.

Augustus N. Hand, U. S. District Judge.

[fol. 16] IN UNITED STATES DISTRICT COURT

[Title omitted]

PETITION FOR APPEAL

The above named plaintiff, conceiving itself aggrieved by the decree made and entered on the 21st day of October, 1924, in the above-entitled cause, does hereby appeal from said order and decree to the United States Circuit Court of Appeals for the Second Circuit, for the reasons specified in the Assignment of Errors, which is filed herewith, and it prays that this appeal may be allowed, and that a transcript of the record, proceedings and papers upon which said order was made, duly authenticated, may be sent to the United States Circuit Court of Appeals for the Second Circuit.

Dated New York City, October 31, 1924.

Mayer, Warfield & Watson, Solicitors for Plaintiff.

[fol. 17] IN UNITED STATES DISTRICT COURT

ORDER ALLOWING APPEAL

The foregoing Petition for Appeal is allowed and defendant's bond for costs of appeal is fixed at the sum of Two hundred and fifty ($250.00) Dollars.

Dated New York City, October 31st, 1924.

Augustus N. Hand, United States District Judge.

Copy received Oct. 31st, 1924.

S. O. Edmonds, by H. W. Dix.

IN UNITED STATES DISTRICT COURT

[Title omitted]

ASSIGNMENT OF ERRORS

Now comes Ely-Norris Safe Company, the plaintiff, by Mayer, [fol. 18] Warfield & Watson, its solicitors, and in connection with its Petition for Appeal says that in the record and proceedings and in the decree made and entered in the above cause on the 21st day of October, 1924, there is manifest error, to wit:

I. The Court erred in dismissing the amended Bill of Complaint.

II. The Court erred in holding that the amended Bill of Complaint states no cause for relief in a court of equity.

III. The Court erred in holding that the acts of the defendant in falsely representing that the metal band placed on defendant's safes at substantially the same location as plaintiff's "explosion chamber" covered an explosion chamber, whereby the public was led to purchase defendant's safes instead of plaintiff's safes, were not wrongful acts cognizable in a court of equity.

IV. The Court erred in holding that the aforesaid acts of the defendant did not constitute a passing off of its safes as and for the safes of plaintiff.

V. The Court erred in holding that the aforesaid acts of the defendant did not constitute unfair competition in trade cognizable in a court of equity.

VI. The Court erred in holding that the aforesaid acts of the de- [fols. 19 & 20] fendant were not in derogation of plaintiff's sole and exclusive right to sell safes having an explosion chamber.

Wherefore, the plaintiff prays that the decree of the said District Court of the United States be reversed, and the amended Bill of Complaint reinstated.

Dated New York City, October 31, 1924.

Mayer, Warfield & Watson, Solicitors for Plaintiff.

CITATION—In usual form; omitted in printing

[fol. 21] IN UNITED STATES DISTRICT COURT

[Title omitted]

PRECIPE FOR TRANSCRIPT OF RECORD

To Alex. Gilchrist, Jr., Esq., Clerk, United States District Court.

SIR: You are requested to prepare a certified transcript of record to be filed in the United States Circuit Court of Appeals for the

Second Circuit, pursuant to an appeal allowed in the above-entitled case and to include in such a transcript of record the following and no other papers, to wit:

1. Amended Bill of Complaint.
2. Defendant's Interrogatories—5. (a), (b), (c) and (d) (only).
3. Plaintiff's answers to defendant's interrogatories—5. (a), (b), (c) and (d) (only).
4. Motion to Dismiss Amended Bill of Complaint.

[fol. 22] 5. Opinion of Hon. Augustus N. Hand, dated October 21, 1924.

6. Order and Decree Dismissing the Amended Bill of Complaint.
7. Petition for Appeal and Order Allowing Appeal.
8. Assignment of Errors.
9. Citation.
10. This Præcipe.

To be prepared as required by law and the rules of the United States Circuit Court of Appeals for the Second Circuit.

Respectfully, Mayer, Warfield & Watson, Solicitors for Plaintiff.

[fol. 23] IN UNITED STATES DISTRICT COURT

[Title omitted]

STIPULATION RE TRANSCRIPT OF RECORD

It is hereby stipulated and agreed, that the foregoing is a true transcript of the record of the said District Court in the above entitled matter as agreed on by the parties

Dated New York City, November —, 1924.

Mayer, Warfield & Watson, Solicitors for Plaintiff-Appellant.

S. O. Edmonds, Solicitor for Defendant-Appellee.

[fol 24] IN UNITED STATES DISTRICT COURT

[Title omitted]

CLERK'S CERTIFICATE

I, Alexander Gilchrist, J., Clerk of the District Court of the United of America, for the Southern District of New York, do hereby Certify that the foregoing is a correct transcript of the record of the said District Court in the above-entitled matter as agreed on by the parties.

In testimony whereof, I have caused the seal of the said Court to be hereunto affixed, at the City of New York, in the Southern District of New York, this — day of November, in the year of our Lord one thousand nine hundred and twenty-four and of the Independence of the said United States the one hundred and forty-ninth.

Alex. Gilchrist, Jr., Clerk. (Seal.)

[fol. 25] In United States Circuit Court of Appeals for the Second Circuit

Ely-Norris Safe Company, Plaintiff-Appellant,

against

Mosler Safe Company, Defendant-Appellee

Before Hough, Manton and Hand, Circuit Judges

Opinion

Appeal by the plaintiff from a decree of the District Court for the Southern District of New York, dismissing he plaintiff's bill for lack of equity.

The jurisdiction of the District Court depended upon diverse citizenship and the suit was for unfair competition. The bill alleged that the plaintiff manufactured and sold safes under certain letters patent, which had as their distinctive feature an explosion chamber, designed for protection against burglars. Before the acts complained of, no one but the plaintiff had ever made or sold safes with such chambers, and except for the defendant's infringement, the plaintiff has remained the only manufacturer and seller of such safes. By [fol 26] reason of the plaintiff's efforts the public has come to recognize the value of the explosion chamber and to wish to purchase safes containing them. Besides infringing the patent the defendant has manufactured and sold safes without a chamber but with a metal band around the door, in the same place where the plaintiff put the chamber, and has falsely told its customers that this band was employed to cover and close an explosion chamber. Customers have been thus led to buy safes upon the faith of the representation, who in fact wished to buy safes with explosion chambers, and would have done so but for the deceit. The bill prayed an injunction against selling safes with such metal bands, and against representing that any of its safes contained an explosion chamber. From the plaintiff's answer to interrogatories it appeared that all the defendant's safes bore the defendant's name and address and were sold as its own. Furthermore, that the defendant never gave a customer reason to suppose that any safe sold by it was made by the plaintiff.

Julius M. Mayer, F. P. Warfield and Lawrence Bristol for the Appellant;

Samuel Owen Edmonds for the Appellee.

Hand, Circuit Judge:

This case is not the same as that before Mr. Justice Bradley in New York & Rosendale Co. v. Copley Cement Co., 44 Fed. Rep., 277. The plaintiffs there manufactured cement at Rosendale, New York, [fol. 27] but it did not appear that they were the only persons making cement at that place. There was no reason, therefore, to assume that a customer of the defendant, deceived as to the place of origin

of the defendant's cement and desiring to buy only such cement, would have bought of the plaintiffs. It resulted that the plaintiffs did not show any necessary loss of trade through the defendant's fraud upon its own customers. We agree that some of the language of the opinion goes further but it was not necessary for the disposition of the case.

American Washboard Co. v. Saginaw Mfg. Co., 103 Fed. Rep., 281 (C. C. A. 6) was, however, a case in substance like that at bar, because there the plaintiff alleged that it had acquired the entire output of sheet aluminum suitable for washboards. It necessarily followed that the plaintiff had a practical monopoly of this metal for the articles in question, and from this it was a fair inference that any customer of the defendant who was deceived into buying as an aluminum washboard one which was not such, was a presumptive customer of the plaintiff, who had therefore lost a bargain. This was held, however, not to constitute a private wrong, and so the bill was dismissed.

Furthermore, we do not agree with the plaintiff that cases like Federal Trade Commission vs. Winsted Hosiery Co., 258 U. S., 483, and our decision in Royal Baking Powder Co. v. Federal Trade Commission, 281 Fed Rep., 744, are in point in his favor. These arose under the Federal Trade Commission Act, where it is only necessary [fol. 28] to show that the public interest has been affected. The defendant's customers in such cases had an undoubted grievance and this was thought to be enough to justify the intervention of the Federal Trade Commission. It by no means follows from such decisions that a competing manufacturer has any cause of suit.

We must concede, therefore, that on the cases as they stand, the law is with the defendant, and the especially high authority of the court which decided American Washboard Co. v. Saginaw Mfg Co., supra, makes us hesitate to differ from their conclusion. Yet there is no part of the law which is more plastic than unfair competition and what was not reckoned and actionable wrong twenty-five years ago may have become such to-day. We find it impossible to deny the strength of the plaintiff's case on the allegations of its bill. As we view it, the question is, as it always is in such cases, one of fact. While a competitor may, generally speaking, take away all the customers of another that he can, there are means which he must not use. One of these is deceit. The false use of another's name as maker or source of his own goods is deceit, of which the false use of geographical or descriptive terms is only one example. But we conceive that in the end the questions which arise are always two; has the plaintiff in fact lost customers, and has he lost them by means which the law forbids? The false use of the plaintiff's name is only an instance in which each element is clearly shown.

[fol. 29] In the case at bar the means are as plainly unlawful as in the usual case of palming off. It is as unlawful to lie about the quality of one's wares as about their maker, since it subjects the seller to action by the buyer. Indeed, as to this the case of Federal Trade Commission vs. Winsted Hosiery Co., supra, is flatly in point, if authority be needed. The reason, as we think, why such deceits

have not been regarded as actionable by a competitor depends only upon his inability to show any injury for which there is a known remedy. In an open market it is generally impossible to prove that a customer, whom the defendant has secured by falsely describing his goods, would have bought of the plaintiff if the defendant had been truthful. Without that the plaintiff, though aggrieved in company with other honest traders, cannot show any ascertainable loss. He may not recover at law and the equitable remedy is concurrent. The law does not allow him to sue as a vicarious avenger of the defendant's customers.

But if it be true that the plaintiff has a monopoly of the kind of wares concerned, and if to secure a customer the defendant must represent his own as of that kind, it is a fair inference that the customer wants those and those only. Had he not supposed that the defendant could supply him, presumably he would have gone to the plaintiff who alone could. At least if the plaintiff can prove that in fact he would, he shows a direct loss measured by his profits on the putative sale. If a tradesman falsely foists on a customer a [fol. 30] substitute for what the plaintiff alone can supply, it can scarcely be that the plaintiff is without remedy if he can show that the customer would certainly have come to him, had the truth been told.

Yet that is in substance the situation which this bill presents. It says that the plaintiff alone could lawfully make such safes and that the defendant has sold others to customers who asked for the patented kind. It can make no difference that the defendant sold them as its own. The sale by hypothesis depended upon the structure of the safes, not on their maker. To be satisfied the customer must in fact have gone to the plaintiff, or the defendant must have infringed. Had he infringed, the plaintiff could have recovered his profit on the sale; had the customer gone to him he would have made that profit. Any possibilities that the customers might not have gone to the plaintiff had they been told the truth are foreclosed by the allegation that the plaintiff in fact lost the sales. It seems to us merely a corollary of Federal Trade Commission vs. Winsted Hosiery Co., supra, that if this can be proved a private suit will lie.

Decree reversed.

[fol. 31] In United States Circuit Court of Appeals

[Title omitted]

Appeal from the District Court of the United States for the Southern District of New York

Judgment—Filed April 14, 1925

Present: Hon. Charles M. Hough, Hon. Martin T. Manton, Hon. Learned Hand, Circuit Judges.

This cause came on to be heard on the transcript of record from the District Court of the United States, for the Southern District of New York, and was argued by counsel.

On Consideration Whereof, it is now hereby ordered, adjudged, and decreed that the decree of the said District Court be and it hereby is reversed with costs.

[fol. 32] It is further ordered that a Mandate issue to the said District Court in accordance with this decree.

C. M. H., M. T. M.

[File endorsement omitted.]

[fol. 33] In United States Circuit Court of Appeals

Clerk's Certificate

I, William Parkin, Clerk of the United States Circuit Court of Appeals for the Second Circuit, do hereby Certify that the foregoing pages, numbered from — to — inclusive, contain a true and complete transcript of the record and proceedings had in said Court, in the case of Ely-Norris Safe Company, Plaintiff-Appellant, against The Mosler Safe Company, Defendant-Appellee, as the same remain of record and on file in my office.

In Testimony Whereof, I have caused the seal of the said Court to be hereunto affixed, at the City of New York, in the Southern District of New York, in the Second Circuit, this 18th day of April in the year of our Lord One Thousand Nine Hundred and twenty five and of the Independence of the said United States the One Hundred and forty ninth.

Wm. Parkin, Clerk. (Seal of United States Circuit Court of Appeals, Second Circuit.)

[fol. 34] Supreme Court of the United States

Order Allowing Certiorari—Filed May 11, 1924

The petition herein for a writ of certiorari to the United States Circuit Court of Appeals for the Second Circuit is granted. And it is further ordered that the duly certified copy of the transcript of the proceedings below which accompanied the petition shall be treated as though filed in response to such writ.

PETITION

FOR A

WRIT OF

CERTIORARI

[redacted] MAY 1 1925

No. [redacted]

In the Supreme Court of the United States.

OCTOBER TERM, [redacted] 1925

THE MOSLER SAFE COMPANY,

Petitioner,

vs.

ELY-NORRIS SAFE COMPANY,

Respondent.

Petition for Writ of Certiorari,
and
Brief for Petitioner Thereon.

SAMUEL UNTER MARSHALL,
Attorney for Petitioner.

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Authorities.

In the Supreme Court of the United States.

OCTOBER TERM, 1924.

THE MOSLER SAFE COMPANY,
Petitioner,
vs.
ELY-NORRIS SAFE COMPANY,
Respondent.

MESSRS. MAYER, WARFIELD & WATSON,
Attorneys for Respondent.

SIRS:

PLEASE TAKE NOTICE that on May 4, 1925, at the opening of the Court on that day, or as soon thereafter as counsel can be heard, a petition for a writ of *certiorari* will be submitted to the Supreme Court of the United States at the City of Washington, D. C., for the decision of the Court thereon. In support of said petition a brief will also be presented to the Court. Copies of said petition and of said brief are served upon you herewith.

Respectfully,

SAMUEL OWEN EDMONDS,
Attorney for Petitioner.

Due service of the foregoing notice and receipt of copies of petition and brief are hereby admitted this 20th day of April, 1924.

MAYER, WARFIELD & WATSON,
Attorneys for Respondent.

Petition for Writ of Certiorari.

IN THE SUPREME COURT OF THE UNITED STATES,

OCTOBER TERM, 1924.

THE MOSLER SAFE COMPANY,
Petitioner,
vs.
ELY-NORRIS SAFE COMPANY,
Respondent.

TO THE HONORABLE THE CHIEF JUSTICE AND THE ASSOCIATE JUSTICES OF THE SUPREME COURT OF THE UNITED STATES:

Your petitioner, The Mosler Safe Company, respectfully shows:

1. That your petitioner is a New York corporation and the respondent a New Jersey corporation; that both are, and for many years past have been, engaged in the manufacture and sale of safes.

2. That on October 6, 1924, the respondent brought suit against your petitioner in the United States District Court for the Southern District of New York, the bill of complaint alleging, in substance,

(a) that under two certain patents (one of which expired on July 30, 1923) it was and had been making and selling safes having explosion chambers, that the respondent had entered the field of manufacturing and selling such safes, and that respondent had brought suit against your petitioner under said patents charging infringement, which suit was pending undetermined;

(b) That in addition to making and selling the alleged infringing explosion chamber safes, your petitioner had "frequently" sold safes not provided with explosion chambers but misrepresented these to customers as having explosion chambers, thus deceiving such customers, not with respect to the origin of such safes but with respect to their construction;

(c) that your petitioner and the respondent were the only occupants of the explosion chamber safe field, that such safes were in demand and that by reason of your petitioner's misrepresentations and sales made in consequence thereof, the respondent had been deprived of sales of explosion chamber safes.

wherefore respondent prayed for an injunction and an accounting of profits and damages.

3. That thereafter, answering interrogatories propounded under Equity Rule 58 in said suit, said respondent admitted, as the fact is, that the safes complained of in said bill were sold, not as respondent's safes but as your petitioner's, that they bore your petitioner's name and address, and, finally, that it did not contend that any purchaser from your petitioner believed, or that your petitioner gave him reason to believe, that such safes were of respondent's production.

4. That on your petitioner's motion said bill was dismissed on the ground that it did not state a cause of action, this ruling being grounded chiefly upon the decision of the United States Circuit Court of Appeals for the Sixth Circuit, (then) Circuit Judges Taft, Lurton and Day sitting, in *American Washboard Co.* vs. *Saginaw Mfg. Co.*, 103 Fed., 281. That on appeal from the order of dismissal the United States Circuit Court of Appeals for the Second Circuit, although admitting that the case above mentioned was "a case in substance like that at bar" and that "on the cases as they stand, the law is with the defendant", nevertheless reversed said order of dismissal, thereby, in effect, holding that said bill of complaint did state a cause of action against your petitioner. That an order for mandate was entered April 14, 1925, but the issuance of mandate thereunder was stayed pending the outcome of this petition.

5. That the decision of the Circuit Court of Appeals for the Sixth Circuit above mentioned,

which has frequently been followed and applied and regarded as controlling, and the decision now rendered by the Circuit Court of Appeals for the Second Circuit, are squarely in conflict, admittedly so by the Court last named. With respect to the fundamental issue decided in both cases, the law thus appears to be one thing in the Sixth Circuit and another and entirely different thing in the Second Circuit.

6. That it is of the utmost importance, not only to your petitioner but also to the business community in general, that this diversity of judicial conclusions of Courts of coordinate jurisdiction be removed by the authoritative decision of this Honorable Court. Failing this, your petitioner and, as it believes, many other manufacturers and traders will, as a result of that diversity, remain beset by much doubt and apprehension as to their rights with respect to the merchandizing of their products.

WHEREFORE, your petitioner prays

First, that this petition for writ of *certiorari*, together with certified copy of proceedings in the Circuit Court of Appeals for the Second Circuit in said cause and ten duplicate copies thereof may be accepted and considered by this Honorable Court;

Second, that a writ of *certiorari* may issue to the United States Circuit Court of Appeals for the Second Circuit, directing that said cause therein pending between your petitioner and said respondent, and all proceedings therein, be

certified to this Honorable Court for review and determination.

And your petitioner will ever pray.

THE MOSLER SAFE COMPANY,
By DAVID H. BELLAMORE,
Ass't. Secretary.

State of New York, }
County of New York, } ss.:

DAVID H. BELLAMORE, being duly sworn, deposes and says that he is Assistant Secretary of The Mosler Safe Company, the petitioner above named; that he has read the above petition for writ of *certiorari* to the Circuit Court of Appeals for the Second Circuit and knows the statements thereof are true, except such as are made on information and belief, and those he believes to be true.

DAVID H. BELLAMORE.

Subscribed and sworn to before me
this 20 day of April, 1925.

ISABEL McINTOSH,
Notary Public.

(Seal)

I HEREBY CERTIFY that I have examined the foregoing petition and that, in my opinion, the same is well founded, and the case is one in which the prayer of the petitioner should, in my belief, be granted by this Court.

SAMUEL OWEN EDMONDS,
Of Counsel for Petitioner.

Brief for Petitioner.

IN THE SUPREME COURT OF THE UNITED STATES,

OCTOBER TERM, 1924.

THE MOSLER SAFE COMPANY,
Petitioner,
vs.
ELY-NORRIS SAFE COMPANY,
Respondent.

The issue in this case is a clean-cut question of law arising on the face of the bill of complaint charging the petitioner with unfair trade. That question may be simply stated as follows: May a tradesman who misbrands or otherwise misdescribes his product with respect to its quality or construction and so induces sales, but who nevertheless sells that product as his own, be proceeded against in an "unfair trade" suit by a rival tradesman to whom, but for such sales, the business, or some portion of it, might have gone?

On this issue the Appellate Courts for the Sixth* and Second Circuits are, admittedly, squarely in conflict. Twenty-five years ago, in a

*American Washboard Co. vs. Saginaw Mfg. Co., 103 Fed. 281.

decision which ever since has been generally regarded as one of the great, outstanding landmarks in the development of the law of unfair trade, the Appellate Court for the Sixth Circuit answered the question in the negative. Now, the Appellate Court for the Second Circuit, ruling upon precisely that question, indeed, after expressly stating that the decision in the Sixth Circuit furnished the law of the matter, has answered the question in the affirmative.

The two cases being, as the Second Circuit Appellate Court found, "in substance" the same, obviously, as stating the law of to-day, one decision is right and the other wrong. The importance of an early and authoritative determination as to this is indicated by what we believe to be an obvious fact, *i. e.*, that if the later decision is henceforth to control, then the Second Circuit Appellate Court has, to quote Mr. Justice Bradley in *New York Co.* vs. *Copley Co.*, 44 Fed., 277, opened "a Pandora's box of vexatious litigation", which, besides crowding the courts, will throw upon manufacturers and tradesmen burdens of most intolerable character. This will result primarily from the fact that the decision establishes, at least in the Second Circuit, a new private cause of action respecting disputes between tradesmen and one which the courts, both Federal and State, have heretofore consistently refused to countenance. Not only so, but for the first time in the development of the law of unfair trade, that decision sustains a cause of action in which palming off or deception as to origin is not asserted but, on the contrary, its absence conceded. In

doing this the Second Circuit Appellate Court was forced to depart not only from the law as applied by the Sixth Circuit Court of Appeals but from the law as laid down unequivocally by this Court in cases such as *Goodyear Co.* v. *Goodyear Co.*, 128 U. S. 604, in which the Court said:

> "The case at bar cannot be sustained as one to restrain unfair trade. Relief in such cases is granted only where the defendant, by his marks, signs, labels, or in other ways, represents to the public that the goods sold by him are those manufactured or produced by the plaintiff, thus palming off his goods for those of a different manufacturer, to the injury of the plaintiff. *McLean* v. *Fleming*, 96 U. S., 245; *Sawyer* v. *Horn*, 4 Hughes 239; *Perry* v. *Truefitt*, 6 Beav. 66; *Croft* v. *Day*, 7 Beav. 84. There is no proof of any attempt of the defendant to represent the goods manufactured and sold by him as those manufactured and sold by the plaintiff; but, on the contrary, the record shows a persistent effort on its part to call the attention of the public to its own manufactured goods, and the places where they are to be had, and that it had no connection with the plaintiff."

And in *Howe Co.* v. *Wyckoff*, 198 U. S., 118-141, in which the Court said:

> "The essence of the wrong in unfair competition consists in the sale of the goods of one manufacturer or vendor for those of another; and *if defendant so conducts its*

business as not to palm off its goods as those of complainant, the action fails."

For the purposes of this case, we may, in agreement with the other side, as well as with the Appellate Court, regard the essential facts of the Washboard case as the same as those of the case at bar. The defendant there was charged with selling zinc-faced washboards under the misrepresentation that they were faced with aluminum, just as here the defendant was charged with selling safes not employing explosion chambers under the misrepresentation that they *did* contain such chambers. There is but one distinction between the two cases, and in this respect the plaintiff's position in the Washboard case was stronger than the position of the plaintiff in the instant case, *i. e.*, in the Washboard case the plaintiff, by reason of its monopoly of the aluminum supply, was the sole vendor of aluminum-faced washboards, whereas in the present case both the plaintiff and defendant were in the explosion-chamber safe field, the contention of the bill being that the defendant, in addition to selling explosion-chamber safes, also sold safes not containing explosion-chambers but misrepresented as containing them. This distinction will be alluded to later, but for present purposes may be passed.

No one doubts for a moment that a manufacturer who has suffered a direct and ascertainable injury through the imitation of his product by another, and its fraudulent palming off on the public, may have relief in equity. The injury in this case is peculiarly personal. The Court does not intervene for the purpose of pro-

tecting the public from further imposition, but solely because a personal and private property right of the manufacturer has been invaded. The cases so holding are too numerous and the doctrine itself too well recognized to require citation. Included are the cases in which, despite the fact of such invasion, relief has been withheld because of misrepresentation by the plaintiff (as, for instance, in *California Co. v. Stearns*, 73 Fed., 812) and the resulting continuance of the deception of the public has been ignored.

So far as we can ascertain, in all unfair trade cases decided down to the present time, in which relief was granted, it was granted because, fundamentally, (*a*) of the peculiar personal property right of the plaintiff, and (*b*) of the fraudulent misrepresentation as to the *origin of the goods* which the defendant sold. This was true, for example, of the so-called "News Ticker" case (*International News Service v. Associated Press*, 248 U. S., 215), where the defendant was enjoined not from passing off its own news as the plaintiff's but from passing off the plaintiff's news as its own. Here were the two factors above mentioned, *i. e.*, the personal property right of the plaintiff in its own product and the fraudulent misrepresentation by the defendant of the origin of the product which it sold.

Under the state of facts presented by the Washboard case and the case at bar, neither of these fundamental essentials, we contend, is present. Concededly, there was no misrepresentation as to *origin*, and this leaves for consideration only the question as to whether or not in either case a private property right of the plaintiff was invaded. Unquestionably, if the

view of the law which has obtained consistently for a quarter of a century or more is correct, neither plaintiff had or has such a private right of property. This view of the law was concisely stated by his Honor Judge Day in the Washboard case (103 Fed., 285). After pointing out that the plaintiff's theory was that, manufacturing a genuine aluminum board, it had "a right to enjoin others from branding any board 'Aluminum' not so in fact", even in the absence of deception or misrepresentation as to origin, the Court said:

> "We are not referred to any case going to the length required to support such a bill. It loses sight of the *thoroughly established principle* that the private right of action in such cases is not based upon fraud or imposition upon the public, but is maintained solely for the protection of the property rights of complainant. It is true that in these cases it is an important factor that the public are deceived, but it is only where this deception induces the public to buy the goods as those of complainant that a private right of action arises."

This "thoroughly established principle" seems to have had its beginning in England. In fact, it is interesting to observe that the development of the law on the subject of unfair trade was essentially the same there as here. Practically from the start, it was recognized that at common law, in the absence of deception as to origin, there was no such thing as a private right of action by one trader against another to enjoin

against, for example, deception as to quality or fitness or construction. Nor, at common law, could the trader maintain an action, under such circumstances, as for the protection of the public against such deception. Finally, in both countries, it was this condition that eventually led to the enactment of laws specially designed for the protection of the public and under which could be reached cases where there was no deception as to origin but where, for example, the tradesman deceived the public by misbranding or misrepresenting the quality or construction of his product. In England, this was "The Merchandise Marks Act of 1862", superseded by "The Merchandise Marks Act of 1887" relating to the application of "any false description to goods" etc. In this country, the corresponding legislation was the "Federal Trade Commission Act", although this was preceded by the "Pure Food and Drug Law", as well as by certain provisions of the tax laws requiring foreign-made goods to be marked with the country of their origin. It is interesting to note that in the Washboard case (p. 286), the Court, after finding that to sustain the plaintiff's cause of action would require an extension of the doctrine of unfair trade, said:

> "We are clear in the opinion that, if the doctrine is to be thus extended, and all persons compelled to deal solely in goods which are exactly what they are represented to be, *the remedy must come from the legislature and not from the courts.*"

The earliest pertinent English authority is *Batty* v. *Hill*, 71 Eng. Reports, 115. The parties

were pickle merchants. Each marked his product "Prize Medal", whereas the plaintiff only had received such an award. Vice-Chancellor Sir W. Page Wood (p. 117), after finding that there had been no palming off by the defendant, said that this was the "only element" which, if established, would warrant relief. He added:

> "I can only interfere when some private right is thereby infringed. * * * I have here merely the fact that two persons have put the same mark on their goods, the one rightly, the other falsely. * * *I can make no order on this motion".

To the same effect is the later English case of *Tallerman* v. *Dowsing Radiant Heat Co.*, 1 Ch. 1.

The first pertinent American authority is the decision of Mr. Justice Bradley in *New York & Rosendale Cement Co.* v. *Copley Cement Co.*, 44 Fed., 277, where it appeared that complainants were manufacturing hydraulic cement at Rosendale, N. Y., the defendant manufacturing common, natural cement in Lehigh County, Pa., but selling it as "Rosendale Cement." The Court referred to the fact that "to give a civil action to every honest dealer against every dishonest one engaged in the same trade would vex the courts and the country with an excess of multitudinous litigation". Quoting further, —

> "No doubt the sale of spurious goods, or holding them out to be different from what they are, is a great evil, and an immoral, if not an illegal, act; but unless there is an invasion of some trademark, or trade-name,

> or peculiarity of style, in which some person has a right of property, the only persons legally entitled to judicial redress would seem to be those who are imposed upon by such pretenses. * * * The defendants may lay themselves open to prosecution by their customers, or possibly by the State, if they are guilty of falsely selling their cement as of a class or sort to which it does not belong, but that is no reason for sustaining an action against them at the suit of those who deal in such cement."

The next case was the Washboard case, a profoundly reasoned opinion, which, as heretofore stated, has ever since it was rendered been accorded the status of an outstanding landmark in the development of the law of unfair trade. Also, as previously stated, there was no question of deception as to origin. The essential thing complained of was that the defendant misrepresented the zinc rubbing-face of its washboard as of aluminum, this being the metal employed by the plaintiff. The Court said (p. 284), referring to the authorities:

> "From the general principle running through them all it may be said that when one has established a trade or business in which he has used a particular device, symbol, or name so that it has become known in trade as a designation of such person's goods, equity will protect him in the use thereof. Such person has a right to complain when another adopts this symbol or manner of marking his goods so as to mis-

> lead the public into purchasing the same as and for the goods of complainant. *Plaintiff comes into a court of equity in such cases for the protection of his property rights. The private action is given, not for the benefit of the public, although that may be its incidental effect, but because of the invasion by defendant of that which is the exclusive property of complainant.*" (Quoting *Canal Co.* v. *Clark*, 13 Wall., 322; *Goodyear Co.* v. *Goodyear Co.*, 128 U. S., 604; *McLean* v. *Fleming*, 96 U. S., 251; *Chemical Co.* v. *Meyer*, 139 U. S., 544, and similar English authorities).

After repeating (p. 285) this holding as a "thoroughly established principle", the Court continued:

> "It is doubtless morally wrong and improper to impose upon the public by the sale of spurious goods, but this does not give rise to a private right of action unless the property rights of the plaintiff are thereby invaded. There are many wrongs which can only be righted through public prosecution, and for which the legislature, and not the courts, must provide a remedy. Courts of equity, in granting relief by injunction, are concerned with the property rights of complainant."

In *Armstrong Cork Co.* v. *Ringwalt Linoleum Works*, 235 Fed., 458, the several complainants manufactured fifty-four per cent. of the linoleum produced in the United States. The defendant

was charged with making and selling "an inferior, cheap and spurious product" as linoleum. Judge Rellstab said (p. 460):

> "The gravamen of the charge is that the defendant is making and vending a spurious article, and deceiving the public into buying it as genuine, with the result that the genuine article is discredited in reputation, and that the plaintiffs, who make and sell only the genuine article, are damaged. Such damages, however, are not the result of any attacks upon the property rights of the plaintiffs, and a right of action of the kind here pressed lies only when a property right has been invaded. *Canal Company* v. *Clark*, 13 Wall. (80 U. S.) 311, 20 L. Ed. 581; *Goodyear India Rubber Glove Mfg. Co.* v. *Goodyear Rubber Co.*, 128 U. S. 604, 9 Sup. Ct. 166, 32 L. Ed. 535; *Brown Chemical Co.* v. *Meyer*, 139 U. S. 544, 11 Sup. Ct. 625, 35 L. Ed. 247; *Elgin National Watch Co.* v. *Ill. Watch Co.*, 179 U. S. 665, 21 Sup. Ct. 270, 45 L. Ed. 365; and *American Washboard Co.* v. *Saginaw Mfg. Co.*, 103 Fed. 281, 43 C. C. A. 233, 50 L. R. A. 609."

The Court then quoted extensively from the *Washboard* case (*supra*), saying that it "furnishes the law controlling the case at bar" and "has been frequently cited with approval."

On appeal, the Appellate Court for the Third Circuit "expressed no present opinion" on the question involved, and entered a perfunctory order of reversal (240 Fed. 1022) accompanied by what was plainly a practical suggestion to

the plaintiffs to take the case before the Federal Trade Commission. This was done (*F. T. C. Decisions*, Vol. 1, p. 436). The respondent "declined to introduce any testimony" and the usual order to cease and desist was the result.

In *Borden Ice Cream Co.* v. *Borden Condensed Milk Co.*, 201 Fed., 510, the Appellate Court for the Seventh Circuit said:

> "Nothing else being shown, a court of equity cannot punish an unorthodox or immoral, or even dishonest, trader; it cannot enforce as such the police power of the State."

In *Borden's Condensed Milk Co.* v. *Horlick's Malted Milk Co.*, 206 Fed., 949, the Court, referring to the alleged "extravagant and untruthful claim of a manufacturer or dealer that his goods are the original and only genuine", said:

> "He may be making exaggerated and false claims, he may be ascribing to himself and his products virtues which neither possesses, but he has not taken anything from his rival, any more than one competitor may take from another in an appeal to the public."

The "thoroughly established principle" of the Washboard case has been generally adopted by the State Courts. In *Westcott Chuck Co.* v. *Oneida Co.*, 122 App. Div. (N. Y.) 267 the Court said:

> "If the defendant misrepresented the quality of its wares its liability is to the purchaser who was thereby defrauded. But no redress on that ground exists in favor of this plaintiff. As to the latter, the utmost inquiry is merely whether or not the defendant by any improper method has deceived or rendered it possible to deceive a purchaser into believing that the article sold by the defendant was the article of the plaintiff."

In *Montegut* v. *Hickson Inc.*, 178 App. Div. 94, the defendant procured imported gowns from the plaintiff and misrepresented them to its customers as its own importations. The Court said:

> "We are not concerned with the fraud practised by the defendant on its own customers."

See also

> *Hill Bread Co.* v. *Goodrich Baking Co.*, 89 Atl., 863;
> *Southern* v. *White*, 187 Pac., 981.

How clean-cut and obviously intended is the line of cleavage between the decision of the Second Circuit Appellate Court and that of the Sixth Circuit Appellate Court (and other courts which followed it) is shown by the frank opinion of Judge Hand. After conceding (Tr. p. 28) that "the law is with the defendant", he nevertheless, without the slightest attempt at differ-

entiation, holds, in effect, that whether or not, in a case of misdescription of the construction of an article, a private right of action exists in the manufacturer of the article *properly* so described, depends upon whether such manufacturer has or has not a monopoly of the sale of that article. If he has, says the Court, it is a "fair inference" that but for his competitor's deceit the manufacturer's articles would have been insisted upon and sold.

This precise point was urged and ruled upon in the Washboard case. The plaintiff contended (103 Fed., 283) that "so long as it continues to be the sole manufacturer of washboards made of pure aluminum, as it expects to continue to be, it has a right to the exclusive use of said name * * * especially as against defendant's misleading use of the same word".

The Court said (p. 287):

> "Nor do we find anything in the allegations of the bill as to complainant's monopoly in the use of the metal aluminum for washboard purposes which would extend its rights. We are not referred to any case, nor can we think of any reason why one who has obtained a monopoly in the material of which his goods are made should have any broader rights in protecting his trade-name than another who is engaged in competition in the same line of business."

We respectfully suggest, in agreement with the Sixth Circuit Appellate Court, that the test stated in the opinion by Judge Hand is unsound. Whether or not the vendor of an article has a

private right of action against the vendor of a different article misrepresented as of the same construction cannot depend upon the circumstance that he may or may not be able to prove that he has lost sales. No small competitor of a great industrial "trust", whether he stood alone or as one of a number, would have any difficulty in proving loss of sales due to the trust's activities but this would not vest in him a private right of action at common law. He *has* such a right of action but only as a result of statutory enactment. It will not do, we think, to dub a deceitful act unlawful and then enforce double remedies against the actor, one by the person immediately affected by the deceit and another by a person only remotely affected thereby, and this would seem to be true whether there were but one of the latter or many. As Mr. Justice Bradley said in the Cement case (*ante*, p. 14), his or their damage is "of that kind which the law calls *damnum absque injuria*".

Nor, we think, is Judge Hand accurate in saying (Tr. p. 29) that "the reason why such deceits have not been regarded as actionable by a competitor depends only upon his inability to show any injury for which there is a known remedy", referring, as the context shows, to injury resulting from lost sales. In the Cement case, such injury to the complainants was expressly found. In the Washboard case, such injury was necessarily involved according to Judge Hand's own rule, the complainant having a monopoly. The real reason, we think, is the unwisdom of "opening a Pandora's box of vexatious litigation", of throwing open the Courts to every merchant who felt aggrieved at some

"exaggerated or false claim" (Borden case, *ante*, p. 18) made by a rival, and of burdening judges with the duty of paternally supervising and regulating matters of commercial morality—all by the simple process of establishing a common law private right of action where it has repeatedly and consistently been held for more than sixty years none exists.

It is to be noted that it cannot correctly be said that on an alleged cause of action such as that asserted here the plaintiff is without remedy except by way of a private suit. It was largely because the law, in its wisdom, has barred such suits that the Federal Trade Commission Act was passed.

> "By that statute *the identical situation* which the Court in the above case (the Washboard case) said it was beyond its power to suppress has been brought within the jurisdiction of the Federal Trade Commission—created to redress unfair methods of competition" (*Royal Baking Powder Case*, 281 Fed., 744, C. C. A. 2nd Circuit)."

We earnestly pray that the petition herein be granted, to the end that the important issue above discussed may be authoritatively settled. There could be no clearer case than here appears of direct conflict between decisions of appellate courts of coordinate jurisdiction. This was recognized by the Second Circuit Appellate Court, which held that the law, as stated in the Washboard case, "is with the defendant" but, nevertheless, itself reached precisely the contrary conclusion. As a result, to-day the same

alleged unlawful act is actionable in the Second Circuit and not actionable in the Sixth. Whether it would or would not be actionable in other circuits would depend upon whether the courts of those circuits agreed with the Sixth Circuit Appellate Court or that of the Second Circuit.

A further ground upon which *certiorari* is prayed is the great importance of the issue and consequent necessity for an early determination. The overturning or disregard of a precedent which has withstood all attacks for twenty-five years and which has been widely regarded as establishing a fundamental principle of law, must be viewed with grave concern. Particularly is this true, in this day and generation, when that principle is a fundament of the law of unfair trade. If, now, "a Pandora's box of vexatious litigation" (Cement Case) is to be opened and courts of equity are to be called upon to "punish an unorthodox or immoral, or even dishonest, trader" and so "enforce as such the police power of the state" (Borden Case), then surely the industrial world is entitled to early and authoritative notice.

Respectfully,

SAMUEL OWEN EDMONDS,
Attorney for Petitioner.

New York, April 25, 1925.